

# BUDGET QUESTIONS & ANSWERS

## HOW WILL CALIFORNIA'S \$30+ MILLION DEFICIT AFFECT CSD BUSINESS?



The financial hardship that has befallen the State of California has and will continue to be felt at all levels of public government. Many local agencies currently find themselves forced to make difficult decisions and drastic reductions in their annual spending plans. The situation remains turbulent and changing with each day as more analysis is done to determine the exact level of damage.

The immediate impact to the Elk Grove Community Services District (CSD) appears minimal at this time. However, several questions have arisen as the state's financial crisis unfolds regarding the potential for direct and indirect impacts to CSD operations and services.

**Q:** *What are the primary funding sources for the Community Services District (CSD)? Are they threatened?*

**A:** The Elk Grove CSD is funded with a combination of property tax revenues, recreation program fees, ambulance fees, developer fees, and assessments via the District-wide Landscape and Lighting District. The property tax sources supporting the District come from developed and existing homes and commercial/industrial properties built within the community. For fiscal year 2002-03, the assessments levied through the District-Wide Landscape and Lighting District for a single-family unit ranged from \$65 to \$211 depending on the special benefit a parcel received. These funds are not expected to change because of the state's financial problems. A change in local home buying patterns could slow the rate of growth for these funds, but should not prompt a funding reduction. A statewide proposal to shift property taxes to other agencies could pose a bigger threat to funding levels, however, such a shift is not currently proposed.

**Q:** *Are there any foreseeable cutbacks in District staffing?*

**A:** The CSD's full-time, part-time, and seasonal workforce (nearly 300 employees) are the very heart of the District's service delivery system. Barring any extreme policy changes at the Capitol to shift property tax funding away from special districts, District officials do not anticipate any cutbacks in CSD staffing. In fact, per the CSD's master plan, the District is on course to add staffing positions as fire stations are constructed in the newer developing areas of the District. This will help to ensure the high quality level of service our community needs, wants, and has come to expect from the CSD.



**Q:** *What indirect impacts does the District anticipate from cuts proposed for neighboring agencies?*

**A:** Spending cuts to other local agencies could result in indirect impacts to the CSD. Potential decreases in law enforcement staffing for instance could prompt response delays for police and/or sheriffs patrol units that work with our Fire Department personnel on most emergency calls. This could extend the time fire personnel are committed to emergency scenes. It could also slow the construction of proposed joint use facilities such as sports complexes and swimming pools proposed in future fiscal years. As the depth of cuts to city, county and school district funding becomes more apparent, the District will get a better sense for the level of these impacts and how they will affect District operations and services.

*“The effect on the CSD appears minimal at this time, but we have to be prepared for anything.”*

*-- Rita Velasquez  
CSD General Manager*



**Q:** *How would an increase in the sales tax affect the CSD?*

**A:** The Elk Grove Community Services District (CSD) receives no sales tax revenues so it would not generate any additional funding for the District. Like any consumer, however, a sales tax increase would cut the District's purchasing power and likely increase operating costs.

**Q:** *What is the CSD doing to monitor the budget situation?*

**A:** The District is working cooperatively with the California Special District Association (CSDA) to review the entire budget document and monitor the day-to-day budget situation. The CSDA has formed a 2003 State Budget Task Force of which Elk Grove CSD officials are active participants. The CSD is also in contact with the area's elected legislative officials and Elk Grove's other local government agencies to stay on top of budget activities. Should development at the Capitol suggest a change in the level of service provided at the CSD, information and action plans will be presented to the public as part of the District's regularly scheduled Board of Director's meetings on the first and third Tuesdays of each month.



ELK GROVE  
**COMMUNITY SERVICES DISTRICT**

*“Your Independent Local Government Agency  
Providing Parks, Recreation, Fire and  
Emergency Medical Services”*